

Decision No 2013/26



**REPORT TO: POLICE AND CRIME COMMISSIONER
FOR LANCASHIRE**

**REPORT BY: IAN COSH
DIRECTOR OF RESOURCES**

DATE: 30 OCTOBER 2013

**TITLE: FINANCIAL STRATEGY – LANCASHIRE
CONSTABUARY RESTRUCTURE
PROGRAMME**

Appendix A refers

EXECUTIVE SUMMARY

The Commissioner has previously received reports setting out the financial challenges facing Police and Crime budgets in Lancashire. The report set out at Appendix A sets out the approach to deliver cumulative savings of £20.5m over the period 2014/15 to 2017/18. Included within the plans are a number of posts which are subject to potential redundancies, which necessitates a formal Section 188 notice to be given to all staff who are potentially affected. In order to achieve the necessary statutory requirements and to meet the proposed implementation timescale it is necessary to serve this notice on 4th November, 2013.

RECOMMENDATION

The Police and Crime Commissioner is therefore asked to:

- 1) endorse the implementation plans to deliver the savings ;
- 2) ratify the requirement to formally issue a S188 notice to all staff affected by the proposals.

**Decision taken by the Police and Crime Commissioner for
Lancashire:**

Original decision, as set out in the attached report, approved without amendment (please delete as appropriate)	YES	NO
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Original decision required to be amended and decision as detailed below:

The reasons for the amended decision are as detailed below:

Police and Crime Commissioner: Comments

DECLARATIONS OF INTEREST

The PCC is asked to consider any personal / prejudicial interests he may have to disclose in relation to the matter under consideration in accordance with the law, the Nolan Principles and the Code of Conduct.

STATEMENT OF COMPLIANCE

The recommendations are made further to legal advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation.

Signed:

Clive Cook

Police and Crime Commissioner

Date: 30th October 2013

Signed:

Chief Officer:

Date:

Signed:

Chief Constable

Date:

Signed:

[Signature]

Chief Finance Officer:

Date: 30.10.13

Financial Strategy - Lancashire Constabulary Restructure Programme

Background

Police and Crime budgets have been reduced significantly over recent years and in Lancashire savings of £35.8m have already been delivered over the last 3 years. In July 2013 the Commissioner considered a paper outlining the financial outlook for the PCC's budget over the period 2014/15 to 2017/18. At that time it was noted that the level of the financial challenge over the next four years is driven by a reduction in resources and an increase in cost.

Over the next 4 years costs are forecast to increase by £18.8m, or 6.8%. At the same time, funding is expected to fall. The Home Office has announced cash reductions of 3.3% in 2014/14 and 3.2% in 2015/16 after which they have stated that funding will fall in line with the current trajectory. For planning purposes we have assumed that this is 3% for the financial years 2016/17 and 2017/18. Over the 4 year period, funding is expected to reduce by £24.7m, equating to 11.4%.

In total it was forecast that further savings of £37.7m over the next 4 year period would be required and that this was in addition to the £35.8m that has already been delivered bringing the total level of savings since 2011/12 to £73.5m.

Over the early part of the Summer the Constabulary set about identifying areas where costs could be taken out and a package of options to deliver savings totalling £21.7m were put forward for consideration and endorsement by the Commissioner. In endorsing the proposals there was recognition that further work was required to determine the precise details around their implementation and the phasing of the savings over the financial years and that this would be provided to the Commissioner later in the year. This work is now complete and this report and the attached appendix summarises this.

The Approach

The detailed proposals have been shaped with an emphasis on delivering efficiency measures in order to protect front line services and delivery as much as possible and focus on:

- streamlining processes and centralising functions
- reducing management layers
- disestablishing vacant posts
- maximising the use of technology
- general spend less approach

Work over the last few weeks has looked at the potential phasing of these options and the impact on the overall financial strategy. As the implementation plans were being developed it became evident that some of the initial proposals endorsed by the Commissioner were not achievable and therefore the level of savings that is now proposed is £20.5m. This is £1.2m less than

that initially envisaged. The detailed phasing of the £20.5m savings over the period and by each review is set out in the following table and further information on each review is provided at Annex 1;

Savings of restructure programme

Review Area	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Total £m
Basic Command Unit	3.019	2.384	0	0	5.403
G Division	4.432	0.899	0.250	0.035	5.616
H Division	1.343	0.123	0.050	0	1.516
Command & Control	(0.585)	0.889	0.276	0	0.580
Business Support	1.607	0.824	0	0.223	2.654
Corporate Services	1.627	0	0.056	0	1.683
Professional Standards	0.174	0.063	0	0	0.237
Overheads	1.712	0.974	0.054	0.084	2.824
Total	13.329	6.156	0.686	0.342	20.513

People Issues

The implementation of the proposals will involve a potentially significant impact on staff numbers (165 police officers and 275 police staff posts will be lost as a result of these proposals) and may place police staff in a potential redundancy situation. Given the potential numbers involved it is necessary to formally issue a s188 notice to Trade Unions representing the staff affected by the proposals, and as the employer of the staff is the Commissioner it is for the Commissioner to note this requirement and to formally issue the statutory notice. In order to achieve delivery of the proposals it is essential that this notice is issued on the 4th November, 2013 and following the PCC's approval the notice will be issued to Unison, Unite and UCATT.

Estates Issues

A key part of the review has been to look at the impact on the accommodation requirements of the force and to make sure that optimum use of buildings and accommodation is achieved to support service delivery. As a result of this;

- there will be no police station closures
- each of the new divisions will have 3 briefing bases which will have 24/7 immediate response officers located here
- there will be 2 bases for specialist operational resources in each division
- other police stations will remain fully functional with neighbourhood policing teams and front counter staff located in them

Implementation Costs

As with any major re-organisation and restructure it is inevitable that additional costs will be incurred as part of downsizing an organisation and that, in some cases, some investment will be required to ensure accommodation and ICT continues to support the service delivery in the most effective way. These costs have been taken into account as part of the overall financial strategy. The majority of one-off costs relate to potential staff redundancy, however, it is anticipated that the staff restructure programme will seek to minimise this, wherever possible, through the provision of suitable alternative employment.

A transitional reserve to manage the downsizing costs already exists and will continue to be used to support the restructure programme.

Implementation on the Financial Strategy

The proposed phasing of the savings and the impact on the financial strategy is set out in the table below;

	Funding Gap	Savings Identified	Savings Gap
	£m	£m	£m
2011/12 – 2013/14	35.8	35.8	0.0
2014/15	9.1	16.8	0.0
2015/16	8.8	6.5	0.0
2016/17	12.3	1.0	6.9
2017/18	7.5	0.4	7.1
TOTAL	73.5	60.5	13.0

The Commissioner has already announced, as part of the 2013/14 budget setting process, savings of £2.8m that relate to the full year effect of savings taken in previous budget decisions and these are reflected in the table above. In addition to this other savings that have been agreed as part of previous reviews that will deliver further savings within the current 4 year strategy period totalling £1.4m. these are also reflected in the figures above.

It is evident that the savings in the first two financial years of the strategy exceed the level of savings required. However the scale of the financial challenge is such that in order to deliver a major restructure of the force some costs and services are linked and therefore a change in one area results in savings elsewhere. It is proposed at this stage that these costs be set aside to assist with the downsizing of the organisation and to support investment where it may be required to support service delivery in the future.

There is however a funding gap in the last two years of the financial strategy of £13m. The pressures on funding are likely to continue and delivering significant savings in future years will become increasingly difficult. The

Commissioner and the Constabulary will however continue to work on developing options for future years.

Annex 1

Summary of Restructure Programme Savings

Review Area	Savings
Basic Command Unit	£5.4m
H Division/HQ Ops	£1.5m
<p>This review proposes a reconfiguration of the Constabulary's operating footprint reducing the number of Divisions from 6 to 3. This will enable reductions in the number of Senior Management roles and the ability to realise economies of scale in a range of supervisory roles. Whilst recommendations include a reduction in the number of officers currently performing the Targeting function. The creation of 9 Operational Briefing Hubs is proposed in order to ensure that our resources are matched to risk, and to provide the best model to meet demand. Housing Specialist HQ Operational resources (Roads Policing Units, dog handlers, Armed Response Officers and Support Units Officers) within the 3 new divisions under the command and control of local supervisors will help to protect the front line services, given the necessary reductions of officers described above. Recommendations preserve the number of Community Beat Managers at their current levels, but the establishment of PCSOs will reduce by 74 taking account of current and predicted vacancies. These reviews do not propose the closure of any further police stations.</p>	

Review Area	Savings
G (Specialist Crime) Division	£5.6m
<p>The G Division review has addressed the Specialist Crime arena. Individual departments have been reviewed with a view to continuing functions whilst reducing costs.</p> <p>The Level 2 Threat Based Policing Structure will move to one cohesive tasking process reducing duplication. To achieve this and to reduce operating costs there will be a merging of some important functions. Inevitably the associated reductions in staff carry some degree of risk, but the governance of these functions, capacity and capability will continue to be monitored and assessed.</p> <p>There will be a number of Intelligence Analyst posts disestablished to streamline the analytical process which will impact on the functionality of the department. This will be staged over three years. There will be an impact in terms of loss of some analytical capability, but all requests for analytical work will be assessed through an Intelligence Co-ordinator and senior analysts.</p> <p>The Public Protection Unit (PPU) will be centrally owned but will still be based in Divisions. Demand on PPU Senior Management is likely to increase due to</p>	

the growing demand around vulnerable individuals and the central ownership of the PPU resources. This however will be offset by the introduction of a further PPU Operations Superintendent.

Review Area	Savings
Command and Control	£0.6m
<p>The Command and Control Review has consolidated the 2011 review recommendation by reducing from 6 Contact Centres to 1.</p> <p>There is an investment in a Demand Reduction Unit which will assist in dealing with more calls at the first point of contact making the Constabulary more efficient. The amalgamation of the Police National Computer Bureau and the Automatic Number Plate Recognition function will provide a single point of contact who will be able to deal with requests in a more efficient manner.</p> <p>There will be a phased reduction in Customer Contact Advisors in line with reducing demand and a disestablishment of the Customer Service Desk. A number of the Customer Service functions will be picked up by existing Customer Contact Advisors.</p>	

Review Area	Savings
Business Support	£2.8m
<p>Business Support</p> <p>This review proposes recommendations in respect of some of the business support functions across the Constabulary, which help to ensure that the Constabulary operates in an efficient and effective way and provide valuable support to frontline officers.</p> <p>Recommendations are proposed to restructure the Constabulary's Estates Department in order to provide a streamlined and lower cost function. The Facilities Teams who help to maintain and upkeep buildings will also be reduced in number. A restructure of the Procurement Team is proposed in order to enhance the management and forward planning of contracts and services. The review will also see the establishment of a Business Support Centre in order to enhance requisitioning and generate improvements in relation to procuring equipment and supplies.</p> <p>Criminal Justice</p> <p>A reduction in the number of operating bases for Criminal Justice Services from 3 to 1 will generate savings as a result of reducing the number of</p>	

managers and administrative roles required to support the service.

Evidence Related Property

The way in which the Constabulary handles and stores Evidence Related Property has been reviewed. Reductions in the number of places where property will be handled and stored will allow savings to be generated by reducing the number of staff involved in managing the process, and reducing the overheads associated with housing property.

Review Area	Savings
Corporate Services	£1.7m

This review proposes recommendations in respect of some of the support functions within the Constabulary. Whilst these roles and functions are not frontline per se, they do provide essential support to help officers perform their duties, as well as providing information to key external bodies such as the Home Office and Her Majesty's Inspectorate of Constabulary.

The review details recommendations to reduce the size of the Constabulary's Corporate Communications Department who lead on media and marketing, and redefining the roles of the Legal Department. The appointment of a senior solicitor is also proposed. Recommendations are also made to reduce costs by restructuring the Corporate Analysis function, the Local Policing Unit, the Sustaining Excellence Team and the Lancashire Partnership Against Crime. The numbers of secretaries and staff providing support to Management Teams is also proposed to reduce.

Review Area	Savings
Professional Standards Department (PSD)	£0.2m

This review makes recommendations which increase the efficiency and capacity within the Reactive Investigation Team within PSD, important in ensuring the highest standards of conduct are maintained across the Constabulary. Savings are proposed by restructuring and reducing the numbers of staff involved in providing support services to the Department. A combined Information and Assurance and Vetting Unit will enable the reduction of costs currently borne within these two separate functions – this includes management costs. Improved case management is also proposed via a new ICT solution which is a necessary enabler for some of the reductions proposed.

Review Area	Savings
Overheads	£2.8m
<p>The overheads review has identified savings within overtime and staff allowances, and training budgets.</p> <p>Efficiency savings will be realised through a reduction in postage budgets by increasing use of electronic communication. Further efficiency savings will be achieved through a reduction in maintenance costs.</p>	